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Mission News:

As February is one of the two coldest months of the year in Mongolia the field activities of Mission projects were at low ebb. Towards the end of the month, however, Mongolia did experience warmer than normal temperatures which may herald lower snowfall and moisture levels for the year. During the month, USAID Mongolia was heavily involved in drafting inputs for, and components of, the US Embassy's consolidated Mission Strategic Plan (MSP). USAID Mongolia sent staff to attend conferences and seminars at USAID's Regional Development Mission for Asia (RDMA) in Bangkok. This covered the topics of: Environmental Regulations 216 and Food Safety, the FY 2008 Operational Plan, and Conflict Management & Mitigation Programming. One of USAID Mongolia's two professional FSNs was on annual leave during the last half of the month.

Program News:

PROGRAM AREA: PRIVATE SECTOR-LED ECONOMIC GROWTH

Economic Policy Reform and Competitiveness Project (EPRC)

Chemonics

www.eprc-chemonics.biz

Economic Policy Support

Impact of tax reform. The initial assessment of the impact of new rates for VAT, Corporate Income Tax (CIT) and Personal Income Tax (PIT) is on hold as the annual data are not available yet from the respective GoM agencies. The project is reviewing the

accuracy of customs data for VAT impact. Annual CIT and PIT data are expected to be available mid March from the General Department of National Taxation (GDNT).

Trade Policy Support

Transit transport regulatory framework: The project completed a background paper on “Transit Transport: Regulatory Framework” for the upcoming trilateral negotiations on Transit Transport Framework between China, Mongolia and Russia. The findings were presented to the Law and Treaty Dept. of the Ministry of Foreign Affairs, the lead organization for the negotiations. The findings of the background paper will also be delivered in early March to the negotiation working group that was recently established by a decree of the Prime Minister and to a technical meeting scheduled for 13 March 2006. In preparation for the negotiations, the project also completed a survey among freight forwarders and traders on regulatory constraints on transit transport, in cooperation with Mongolian National Committee on Trade & Transport Facilitation (MNCTTF).

The project has also engaged an international expert to come to Mongolia in late March to help the working group develop technical Annexes for the trilateral agreement and to draft a negotiation reference book. The Cabinet Secretariat is giving significant attention and effort to prepare for the upcoming negotiations and is cooperating with the project.

Feasibility study for Zamiin Uud logistics facility: The project has completed the terms of reference (TORs) to conduct a pre-feasibility analysis of Zamiin Uud logistics facilities and is working closely with the MNCTTF, General Customs Authority, UB Railways and other stakeholders to get comments on the TORs. The intent is to hire an international expert to assist MNCTTF with the pre-feasibility analysis.

Private sector development strategy: The project continues working on a “White Paper: Mongolian Businesses Speak,” focused on constraints to private sector investment and operations in selected sectors. The Mongolian National Chamber of Commerce and Industry (MNCCI) and the project have agreed to collaborate on its research and preparation. The project will also recruit the services of an international business competitiveness expert to assist with the preparation of the whiter paper. The Loan and Aids Policy Coordination Dept. and Economic Policy Dept. of the Ministry of Finance are the GoM agencies collaborating with EPRC on this.

Competitiveness Support

Mongolian National Tourism Organization (MNTTO): With the project’s initiative and support, MNTTO is launching an eighteen-month campaign to promote Mongolian tourism in the North American market with a series of meetings with American tourism organizations and tour operators. The campaign started in New York City on February 29 with a press breakfast for more than 50 tourism professionals and journalists, immediately before the opening of the annual New York Times Travel and Trade Show. During the press breakfast the National Geographic Adventure magazine presented Mongolia with a “Best of 2008 Adventure Destination” award.

National Development Finance Forum: EPRC made a presentation on affordable housing finance at the National Development Finance Forum on February 4, 2008. The presentation covered current issues in housing finance in Mongolia such as the legal and regulatory environment, direct housing subsidies, mortgage securitization and mortgage insurance. The major focus was a proposed concept of direct housing subsidies targeted at low income people. EPRC is working with a Parliamentary Housing Finance Working Group (WG) on the design of a national program of mortgage down payment supplements for low income families.

Energy Sector Support

Energy Sector Financial Status – Minister Ch. Khurelbaatar and the Energy Regulatory Authority (ERA) are diligently collaborating on tariffs as a first priority to improve financial performance of energy sector entities. EPRC is supplying significant support, and several important tariff issues have already been resolved.

MoFE reorganization and priorities – The project has been providing assistance on an as-needed basis to help develop MoFE policies and strategies for the sector that will be submitted for Cabinet approval in late February.

MoFE and ERA collaboration – Per the MOU signed on January 29, MoFE and the ERA have been working through the tasks identified and have already completed several of them, particularly in the area of tariffs.

Electricity and heating sector emergency preparedness – The EPRC report concerning the state of the UB heating system, issued in late 2007, has been updated to include comments and suggestions from the World Bank and Mongolian heat sector experts. It will be issued soon to the US Embassy, USAID and Asia-Pacific Center for Security Studies (APCSS) for use in finalizing the emergency preparedness workshop scheduled for the week of 10 March 2008. The project will provide the report to MoFE.

Public Information/Public Education (PI/PE) campaign – With The Press Institute, the project is planning a series of media workshops before the heating season ends in late April. The first workshop is expected on 11 March 2008 at the UB Heat Network Company (UBHN) for print journalists and radio/TV reporters. The purpose is to allow the UBHN air time to explain their operation and functions, as well as to present their issues, problems and future plans to upgrade and rehabilitate the system. The project is scheduling two additional and similar on-site workshops in the UBHN sub-stations in late March. A field visit may also be arranged at the Darkhan CHP in April 2008.

The project is continuing the planning process for a series of up to 4 television programs to be aired throughout 2008, starting in March 2008, concerning energy sector issues and problems. The TV series will run under the auspices of the *Open Government* website.

Energy legislation – Working groups continued working on the drafts of the Concessions and Energy Conservation laws. The Concessions Law draft was issued and received by the Project for review and comment. However, another revised draft will soon be issued

by the Working Group. MoFE has put on hold further work on amendments to the Energy Law until after the upcoming (June) elections.

National Dialogue Support

Design of new Open Government television program series – EPRC is in the process of finishing the process of evaluating proposals received from production studios. The first series will concentrate on energy and heating issues before the heating season ends.

English language website for GDNT – At the request of GDNT, EPRC is developing the design requirements for an English language website to make tax information available to foreign investors and residents. The project will continue to assist GDNT with enhancements to the Mongolian website by developing a new component for the company name registration database to make the new company registration process easy and transparent, while improving the current VAT database component.

Network security and electronic tax filing workshop – EPRC assisted GDNT with the organization and delivery of a hands-on workshop on local area networks, security issues, and electronic tax filing held on February 26 and 27 at the training center of the Darkhan-Uul aimag Tax Dept. Forty tax officers and IT personnel from Darkhan-Uul, Orkhon, Tov, Bulgan, Selenge aimags and Ulaanbaatar headquarter attended the event.

Gobi Regional Economic Growth Initiative (GI)

Mercy Corps

www.mercycorps.org.mn

On 4 February 2008, Dominic Graham started to work with Mercy Corps Mongolia as the new Country Director. Dominic brings the right combination of academic background, with a Masters in Sustainable Development and former experience in Mongolia, to the job. Mercy Corps Mongolia/Gobi Initiative submitted the Year Five Annual Work Plan to USAID on 6 February 2008.

Sales

Gobi Initiative uses sales generated from new business activities outlined in the formal business plans developed under the project as an indicator of success. Total sales for herder and non-herder businesses for February 2008 reached \$30,741 and \$64,037, respectively. This puts total sales for herder businesses in 2008 at \$116,881 and for non-herder businesses at \$179,088. This gives a CY2008 total sales figure, up through February end, of \$295,970. The sales target for CY2008 for all GI clients is \$3.9 million. The sales are on track compared to the expected sales for the first two months of 2008. Total sales generated by business clients under the Gobi Initiative Phase II from January 2004 to date is \$9.0 million vs. a total USAID funding for the Gobi Initiative (less the sub grant to Pact) of the cooperative agreement to date of \$5.2 million.

Loan

In February 2008, herder and non-herder clients took nine loans with a value of \$32,393 for which Mercy Corps provided \$12,444 or 38% as additional cash collateral to

commercial banks. The total number of loans accessed by Gobi Initiative clients in the first two months of the year is 76 and the total value of all disbursed loans increased up to 214,497, with the average loan size for the year remaining at \$2,822. Mercy Corps has provided a total of \$82,848 as additional cash collateral. This constitutes 39% of the loan collateral provided by Mercy Corps as compared to 84% at the start of the program in May 2004. Since the start of the program in May 2004, a total of 627 loans have been dispersed, with a total value of \$1.6 million. The repayment rate to date stands at 96%.

Investors' Forum

An Investors Forum was co-organized by Mercy Corps Mongolia and the government of Delger soum, Govi-Altai, on 20 February 2008. This event was an essential part of implementing the Economic Development Master Plan of Delger soum for 2007-2017. Organized with the goal of increasing the awareness of the soum's newly developed Master Plan, the event was an excellent opportunity to promote Delger soum to a variety of stakeholders. The government considered it to be an important activity in local development, and high ranking officials made speeches at the meeting including Members of Parliament, T. Ochirhuu and S. Batbold; Aimag Governor R. Tsogtbaatar; and Chairman of the Citizens' Representative Hural, B. Dorjdagva, of Govi-Altai aimag.

Among the sixty people attending were representatives from Delger soum government, foreign and national businesses, mining companies, international organizations and natives of Delger soum currently living in Ulaanbaatar. Over \$85,000 has been pledged from the participants for various Delger projects such as fish farming, a printing business, an Internet cafe, dairy production and a bakery. Among the contributors were the Zasagt Khaan University, Delger Soum Council in Ulaanbaatar, Gobi Enterprise LLC, EAM Bayan-Ulgii LLC, Mongolian National Wrestling Association, and a few individuals. The soum representatives are planning to establish a Soum Development Fund from which economically viable projects would be financed.

BDS providers

A total of nine local Business Development Service (BDS) Providers were selected to work with Mercy Corps in 2008; eight of them agreed to provide training and technical assistance (TA), and signed a collaboration agreement with Mercy Corps. In 2008, GI clients requested 531 trainings and TA to help successfully implement their business plan, 207 of which will be provided by these BDS providers. Training and TA will start in March 2008.

Institutionalization of the Gobi Forage project

The tender announced among eligible organizations to express their interest in hosting the Gobi Forage project has been completed and evaluated by the Committee comprised of Mercy Corps and Texas A&M staff members. The three applicants were the Institute of Botany, the Administration of Land Affairs Geodesy and Cartography (ALAGaC), and the Research Institute of Animal Husbandry. These organizations are being considered as potential candidates, and Mercy Corps staff will follow up with them to negotiate specific commitments.

Localization of RBN products

Pact has made tangible steps towards localization of Rural Business News (RBN) media products. The Mongolian NGO Media for Business (MFB) is now operating, with support and guidance, from the Pact Mongolia office. The formal relationship is one of sub-contracting services. A full separation, dependent on progress, is planned for late July 2008. Pact will continue to support the NGO until its sub-grant to Mercy Corps is concluded.

Market Watch

Pact and MFB have overseen the development and fine tuning of the Market Watch automation process which was successfully trialed with two Market Watchers during the last month. The commodity price list has been reviewed and adjusted based in part on in-field monitoring and evaluation, and the commodity list has been seasonally adjusted to collect different sets of information on a daily, monthly and quarterly basis. Twenty-two Market Watchers participated in a two-day workshop held in Ulaanbaatar in February. The theme for the workshop 'Automation and Professionalization' enabled training on the use of new codes and performance assessment based on timely, accurate data being received by the server. The automated system will be fully operational starting 1 March 2008.

GER Initiative

CHF International

www.chfmongolia.org

In February, the GER Initiative helped to improve or expand 86 businesses, created eight start-up businesses, and generated a total of 30 new jobs. Also this month, the GER Initiative matched 40 ger area residents to jobs. With the exception of sales linkages, overall program results were down this month as clients focused on the Tsagaan Tsar holidays. Activity is expected to pick up again in March.

Financial Services

GER facilitated 46 loans valued at over \$93,623 with local partner banks and 13 USDA funded Capital Augmentation Fund (CAF) loans valued at \$17,756 were disbursed through local banks. XacBank introduced the conditions of their new group loan product, and GER has begun promoting the new loan among its business groups. We are also updating our business group development trainings to include loan related trainings.

Training and Consultancies

GER conducted 288 trainings with 201 clients participating, and 175 consultations were provided to 150 clients. Training topics this month include bookkeeping in Darkhan; bakery, cooking, and bookkeeping in Ulgii; pig shelters, startup financing, and customer service in Ulaanbaatar; and agriculture and cell phone repair in Choibalsan.

Information Services

GER provided 481 information services to 303 clients, and five information meetings were held with 41 clients participating. At one of the meetings in Darkhan, GER

Initiative gave information and advice to 16 new business owners and residents who want to start their own businesses. In addition to information about forming and operating their business GER provided information on:

- Organizations that can provide grants or special low interest loans.
- Types of bank loans available, documents required to get a loan, and common requirements for the borrowers.
- What assets could be collateralized by the bank or project for loans, and how banks evaluate such assets.

Employment Services

GER matched 40 clients to jobs and nine clients entered vocational training programs. A total of 146 employment trainings were held for 104 clients, and a total of 30 jobs were generated.

Vocational training was in high demand in Ulaanbaatar this month. Four types of vocational trainings have started including: 35 clients on cellular phone repair at the “Solongo” training center, eight clients on knitting at the “Gobi” company, 20 clients on carpet weaving at the “UB Carpet” company and 15 clients on English Language at the “Gegeerel” training center. The trainings at “Gobi” and “UB carpet” are on-the-job trainings and as soon as the trainings finish, those companies will employ the trainees. “UB Carpet” will pay compensation to the trainees equal to the lowest wage, which is \$92 per month during the training period. GER offered “Start-Up” training for clients participating in the cellular phone repair training program.

In Zuunmod, “Dadi” LLC has closed resulting in over 100 lost jobs. At the request of the Tuv Aimag’s Employment Agency, GER conducted a 3-hour “Soft Skills” training for the former Dadi employees. GER made new employment matching agreements with Ulaanbaatar Carpet, Solongo vocational training center, Gegeerel education center, Power station-3, and the Komit Service Company.

Linkage Services

GER facilitated linkages between businesses worth approximately \$41,116 this month. “Darkhan Noos,” a cooperative of wool handicraft producers in Darkhan, will complete an order of 240 pairs of woolen socks for exporting. The order has to be completed by 20 March 2008. If this order is completed successfully, they will be able to get more orders for exporting abroad.

In Choibalsan, GER organized the third annual Lunar New Year Trade Fair. Participating clients completed over \$12,000 in sales--an increase of 62% over last year. We found that our clients were well prepared for the fair and used good marketing methods. One example is our client Sarantuya, a producer of traditional clothes, who served customers while modeling her products. GER is preparing for the 2008 Nauriz Trade Fair” to be held next month in Ulgii. New linkage agreements were established with Southgobi Sands –LLC mining company (work uniforms, bags) and Ellehcor Drilling LLC Mongolia (work uniforms).

Business Association Development Services

GER worked with 87 active groups this month. One new group was formed, and no groups disbanded. Setgemj-2, a sewing business group from Darkhan, received a USDA funded Capital Augmentation Fund (CAF) loan for expanding business activities and improving their workspace effectively. The CAF loan of approximately \$850 will be used to expand their workspace for selling the clothing the group produces.

GER has developed new packaged trainings for business groups. The packages include consumptions and savings, bookkeeping, costing and pricing, and linkage trainings that have been recently updated based on the availability of the Xac Bank group loan product.

PROGRAM AREA: MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE

The Judicial Reform Project (JRP)

National Center for State Courts (NCSC)

www.ncsc.com

Courts

The General Council of Courts (GCC) adopted new procedures on case flow management in the fall of 2007 that became operable at the beginning of 2008. In order to provide guidance to court personnel and judges on implementation of the new procedures, the JRP has formed a working group in cooperation with the GCC and Supreme Court to create a manual that will provide step-by-step instructions for court personnel and judges on the new procedures. The working group is headed by O. Zandra, Chairman of the Administrative Chamber of the Supreme Court and consists of judges and court administrators who worked on developing the new concept on case flow management.

The JRP continues to oversee updates to the Judge software. The new updates will create a more compatible system with Microsoft Windows, allow for easier data transmission to update the judicial database, meet the requirements of the new procedures on Case Flow Management such as a unified case numbering system for civil cases, and allow the courts to analyze their performance.

Police Training On Crime Scene Investigation

The JRP brought a police expert to Mongolia to conduct training on crime scene investigation for police officers to improve the ability of the police to collect and preserve the chain of evidence for ensuring the admissibility of evidence in court. The expert held two 2-day training sessions for a total of 17 officers from the pilot police stations (Bayangol and Baganuur) at the Capital City Police Department. The training consultant will finalize and submit his report during the next reporting period along with a crime scene course curriculum and additional training materials, i.e. handbook for the leader of the crime scene team and a video of an actual crime scene investigation.

The JRP is continuing its automation of two pilot police stations and in February contracted with a network provider and started the network installation for the Bayangol District Division. In March, the JRP will complete the automation of the second pilot police station at Bagunuur and start the development of case management software upgrades as recommended by a police expert. The automation of the police stations will create a more efficient and effective working environment for the police; but more importantly, will provide opportunities for greater oversight of criminal investigations by prosecutors as required by law.

Continuing Legal Education

The JRP, in cooperation with the National Legal Center (NLC), developed and distributed 1000 copies of a training manual for legal practitioners entitled “Crimes against the Right to Ownership.” The manual covers the issues and problems related to Chapter 19 of the Criminal Code covering crimes against the right to ownership. This includes provisions such as theft, robbery, fraud, intentional destruction or damage to property, extortion, and embezzlement. The manual was delivered to all courts, prosecutor offices, Mongolian Advocates Association, law schools, libraries, parliament, government offices, MoJHA and its agencies, and JRP trainers. Training manuals are used by the NLC and other key stakeholders as training course materials and by law school trainers. Manuals also act as reference guides for practicing lawyers.

The JRP, also in cooperation with the NLC, printed 1000 copies each of 3 additional manuals on Company Law, International Business Transactions and Legal Ethics. The manual on Company Law discusses issues and problems related to the Company Law of 1999, including the explanations on how to correctly apply unclear provisions of the law. The manual on International Business Transactions covers a sale/purchase agreement, memorandum of understanding, loan agreement, project financing, and mining development contract including the recommendations on making agreements on international business transactions. Finally, the manual on Legal Ethics explains the general requirements of legal ethics to all lawyers, the specific requirements of legal ethics of judges, prosecutors and advocates, issues of legal ethics in the stage of inquiry and investigation, and legal ethics during trial. These manuals will be distributed and utilized in the same manner as the manual on Crimes against the Right to Ownership.

Public Education

The JRP, through a subcontract with Pact, began airing a radio drama series on Criminal Law entitled “Do Not Violate.” The program airs on Mongol Radio on Tuesdays and Thursdays in the morning at 0710 and is repeated in the evening at 2115 hours. The program utilizes recurring characters to dramatize crimes to explain provisions of the criminal code to the public.

The JRP monthly newsletter “Rule of Law” (Mongolian version) January 2008 issue was published and distributed to 83 courts plus about 20 Mongolian legal institutions. The newsletter compiles the activities of all Mongolian courts and allows courts and other legal institutions to share experiences and keep up to date on current events.

JRP also published its English newsletter that discusses JRP activities. This publication included an interview with the GCC executive secretary, N. Ganbayar, about the GCC's 2007 accomplishments and goals for 2008, details about training for police officers on crime scene investigation, and information regarding the GCC Annual Meeting of Chief Judges and Court Administrators. The newsletter was delivered to more than 20 international organizations and local legal institutions in Mongolia and was also distributed to key USAID and other counterparts in DC. The goal of the newsletter is to inform stakeholders about JRP activities and coordinate activities of donor organizations as well as publicize the JRP achievements.

The Mongolian Electoral and Parliamentary Support Project (MEPS) ***International Republican Institute (IRI)***

www.iri.org

On February 14, the Minister for Construction and Urban Planning, Ts. Tsolmon, was elected as the Chairman of the National New Party (NNP) at the NNP's Congress. During his acceptance speech, Mr. Tsolmon stated that his party is planning to nominate a total of 25 candidates for the upcoming parliamentary election. In order to strengthen a multiparty system in Mongolia, Mr. Tsolmon called on the leadership of the Mongolian People's Revolutionary Party (MPRP) and Democratic Party (DP) to refrain from nominating candidates from their parties in constituencies where NNP candidates will be on the ballot. Mr. Tsolmon is a former member of the DP.

On February 4th, the Mongolian Green Party and the Civil Movement Party made an agreement to form a coalition together for the upcoming parliamentary election. The agreement was signed by Chairman of the Green Party, D. Enkhbat, and Chairman of the Civil Movement Party, J. Batzandan. The leaders of both parties expressed their commitment to uphold the principles put forward by civil movements during the last four years. The coalition says it will be open to civil-oriented political forces and reformers and will carry out a program for social reform against corruption and poverty.

Supporting the General Election Commission

From mid-April through mid-June, IRI will conduct party poll watcher training seminars throughout Mongolia. IRI party poll watcher manuals (updated according to new election laws and voting procedures) will be distributed at these trainings. Individual trainings will be held for the MPRP and DP, respectively. A third training seminar will be held for smaller political parties.

Nationwide Poll in Advance of Parliamentary Election

IRI is currently fielding a nationwide public opinion poll of 1800 respondents. The results of this poll will be shared with political parties to aide them in fine-tuning their campaign messages. This project is a partnership between IRI and the Academy of Sociology of the National University of Mongolia, and US pollster Ms. Sarah Simmons. Data collection and development will continue through late-March, and the results of the poll will be presented in April.

Women's Voices in the Political Process

In February, the Constitutional Court of Mongolia decided it would not reverse parliament's decision to remove the women's candidate quota from the Election Law. IRI anticipates that many women political leaders will continue in their efforts to focus public attention on this issue in the coming months.

Ethics for MPs and High Ranking Officials

On February 15, Chief of the Independent Authority Against Corruption (IAAC) Ch. Sangaragchaa stated that the IAAC will help the cabinet in drafting ethics rules for civil servants. Also, the IAAC will cooperate with the cabinet in renewing numerous procedures and rules of government agencies in order to curb bureaucracy and "red tape" in the civil service.

On February 19, a discussion on "Conflict of Interest in the Mongolian Civil Service" was organized by the Democratic Party (DP), the Academy of Political Education and the Asian Initiative Institute for Political Parties. Over 100 attendees representing political parties, the government, universities, international organizations and local NGOs participated in this discussion. Chairman of DP, Ts. Elbegdorj; Secretary of DP, Kh. Temuujin; and Professor of School of Law, N. Lundendorj, made presentations on the "Sources of Conflicts of Interest in the Civil Service," the "Importance of Political Will to Curb Conflicts of Interest," and "Legal Tools to Curb Conflict of Interest."

In February, the coalition formed by the Mongolian Green Party and the Civil Movement Party agreed to adopt internal ethics rules for their candidates. IRI plans to hold meetings regarding the passage of ethics legislation with the prime minister, speaker, and caucus leaders in advance of the spring 2008 session of parliament.

Assisting the SGH in Adopting and Implementing Committee Rules

On February 15, 2008, the SGH Economic Standing Committee adopted rules of procedure. To date, four of seven standing committees have adopted rules. The standing committees which have not adopted rules are the Law Committee, Security and Foreign Policy Committee, and Budget Committee. IRI made tentative plans with the State Great Hural (SGH) Secretariat to publish a handbook containing the rules of procedure for all SGH Standing Committees that have passed rules by May 1, 2008. Chairs of committees that have not yet adopted rules will be reminded of this deadline in the following months to encourage them to take action.

Possible Future Government Restructuring

On February 27, draft amendments to the Law on Government were discussed at the cabinet meeting. According to the draft amendments, the cabinet would consist of the Prime Minister and nine ministers. The amendments envisage that the post of the Deputy Prime Minister and posts of Deputy Ministers be abolished. The current ministerial status of the position of the Chief of the Cabinet Secretariat will be removed according to the draft amendments. If the amendments are passed by the SGH, the following changes would take place in the executive branch of the GoM:

- Three ministries, the Ministry of Roads, Transport and Tourism, the Ministry of Construction and Urban Development, and the Ministry of Fuel and Energy would merge to form the Ministry of Infrastructure and Urban Development.
- The Ministry of Industry and Trade and the Ministry of Food and Agriculture would merge into Ministry of Food, Agriculture and Industry.
- The Ministry of Health and the Ministry of Social Welfare and Labor would be united into Ministry of Health, Social Welfare and Labor.

After receiving comments and proposals from the major political parties, the cabinet is planning to submit the above draft amendments to the SGH for approval.

The Mongolia Anti-Corruption Support Project (MACS)

The Asia Foundation (TAF)

www.asiafound.org

IAAC Institution-building and Advocacy

As a result of Mr. Kwok's visit in late January – early February, the Prime Minister (PM) and Cabinet approved a resolution for the development of anti-corruption action plans for each ministry and major line agencies. The PM and Cabinet also agreed to convene a senior level two-day seminar on March 28-29 that will commence the prevention and public awareness action planning and implementation process, which will be monitored annually in future years by the Independent Authority Against Corruption (IAAC).

TAF secured co-financing in support of the retreat from the Asian Development Bank (ADB). TAF will deliver resident and expatriate short-term experts to the GoM and to the IAAC in convening the two-day seminar for senior level officials. Expatriate experts, based upon input from the seminar, and through additional key-informant interviews with Ministry and line agency staff, will prepare a governance assessment that identifies the corruption risks and threats in each Ministry, major line agencies, and/or principal departments within a Ministry or line agency. TAF will also assist the IAAC to provide prevention technical assistance to ministries and line agencies that will help close corruption loopholes.

On February 15, the 2008 Income and Asset Declarations (IADs) were due. The IAAC collected 100% or 258 of the IADs from high-ranking GoM officials. About 44,000 public servants were supposed to submit declarations nationwide and the IAAC is now analyzing the submission reports and will publicize the results in early March. Unfortunately, the false declaration of income and assets and illicit enrichment, have yet to be made criminal offences. The IAAC will continue to push for these changes.

On February 21, the IAAC, with assistance from the World Bank (WB), convened an External Partners Meeting. The External Partners meeting was encouraged by TAF in pre-coordination meeting with the IAAC, WB and UNDP. In the meeting, IAAC presented its 2007 achievements and appealed to donors to assist the IAAC to overcome the challenges foreseen in 2008, namely in the area of public awareness and prevention,

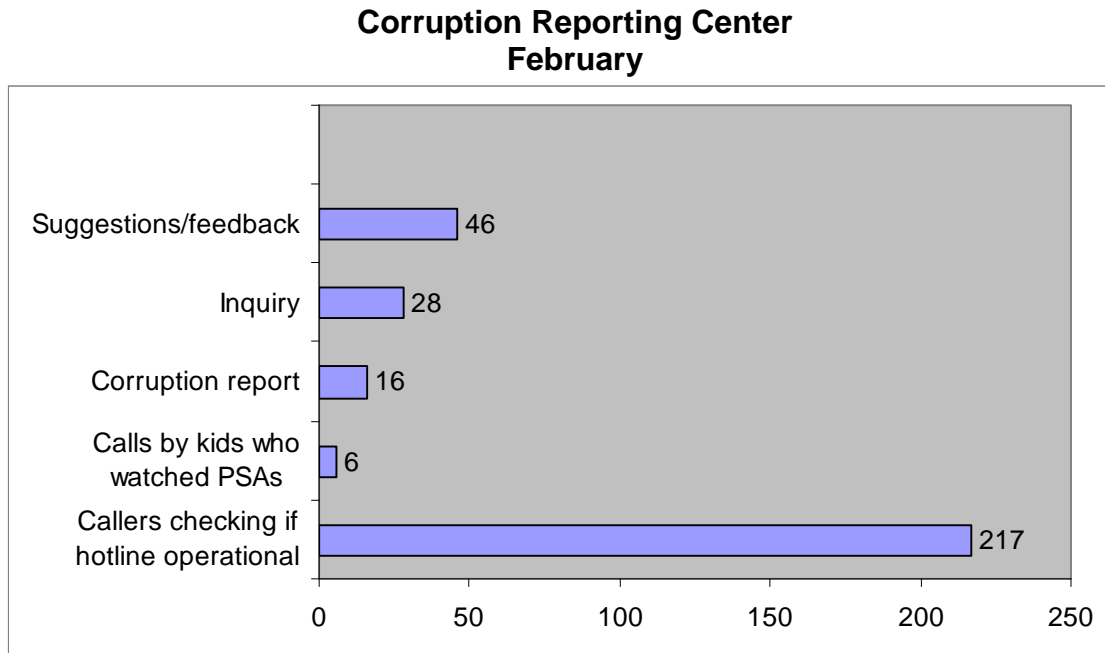
capacity building for investigators and the monitoring department, as well as advocating to strengthen the criminal code and procedures code to enhance investigations.

Eradicating Administrative Level Corruption

The grant awarded to the Academy for Political Education (APE) concluded on 31 Dec. 2007. TAF is reviewing final reports, and will publicize the findings/results in March.

Public Awareness and Education

In partnership with TAF, the IAAC launched the 2nd phase of the multi-media campaign in support of the Corruption Reporting Center and hotline on February 11. The campaign will run through March 9. The Center received 313 calls in February, as can be seen below.



Since the launch of the campaign on November 19th, the Corruption Reporting Center received 866 calls, of which 33 were corruption reports. The IAAC is currently investigating 48 corruption reports.

Donor Coordination

TAF continues to actively work with World Bank and ADB to enlist and coordinate donor support for the IAAC.

CENTRALLY (USAID/W) OR REGIONALLY (USAID/RDMA) FUNDED PROJECTS

Eastern Steppe Living Landscape Project - Sustaining Wildlife and Traditional Livelihoods in the Arid Grasslands of Mongolia *Wildlife Conservation Society(WCS)*

www.wcs.org

Living Landscapes Program (LLP)

Eastern Steppe Conservation Planning: The WCS/USAID Eastern Steppe Program hosted a Wildlife Conservation Planning Workshop in Choibalsan, Dornod on 21 February. The workshop was planned and led by the Remote sensing/GIS specialist with assistance from five other staff members. Presentations were given about the: WCS/USAID Mongolia Program, Eastern Steppe Living Landscape Project, Landscape species approach and its various results, Dornod Aimag EPA activities, Herder Community-based Conservation Project, and wildlife disease work in Mongolia.

The afternoon session focused on working group (WG) sessions where participants identified goals, threats to and interventions for the conservation of three Landscape Species: the Mongolian gazelle, white-naped crane and saker falcon. WGs also mapped threats and interventions for Dornod aimag and presented their findings to the larger group. A total of 55 participants (43 male, 12 female) attended this workshop, including representatives from the: Aimag Govt. & Civil Khural, Environmental Protection Agency, Eastern Mongolia Community Conservation Association, "An trade" LLC, Numrug Strictly Protected Areas Administration, Eastern Mongolia Protected Area Administration, State Specialized Inspection Agency (SSIA), Sumber Border Guard Post, and Petro China Daichin Tamsag LLC.

Eastern Steppe Community Conservation Partnerships: The WCS/USAID Eastern Steppe project hosted a workshop in collaboration with the Eastern Mongolian Community Conservation Association on Wildlife Protection Coordination for herder group volunteer rangers, soum inspectors and protected areas (PA) rangers on February 22nd and 23rd, in Choibalsan, Dornod. Presentations included: The SSIA and Wildlife Protection Responsibilities of Soum Inspectors, Wildlife and Natural Resource Protection in Protected Areas, and a Volunteer Ranger job description. Volunteer rangers, soum inspectors and PA rangers broke into groups according to their soum and worked together to list impacts to wildlife and natural resources that they had observed in the past. Groups also drafted Wildlife Protection Action Plans for each of their areas.

The first day of the workshop concluded with a mini drama session on hunting laws were participants completed three short performances centered on wildlife conservation issues. During the final day of the workshop volunteer rangers met with the WCS/USAID Eastern Steppe Remote sensing/GIS specialist to map impacts they had recorded to wildlife and natural resources in their community-managed areas. The Remote sensing/GIS specialist also taught participants how to use a map and compass when recording observation locations. Participants were given additional recording sheets for

monitoring impacts. A total of 34 participants (24 male, 10 female) attended, including 11 representatives from herder community groups, and individuals from four organizations; the Eastern Mongolia Protected Areas Administration (11), SSIA (9), Dornod Environmental Protection Agency (2) and Eastern Mongolian Community Conservation Association (1).

Wildlife Trade Law Enforcement

Wildlife Trade Conferences: WCS staff attended two meetings in February to address the impact of wildlife trade across the region. The first meeting was a joint WCS and TRAFFIC event which took place between February 24th and 28th. The focus was on improving and standardizing methodology for monitoring wildlife trade. The second meeting, “WCS Strategic Planning Meeting on Asia Wildlife Trade” was held between February 29th and March 2nd. Both meetings were held in Khao Yai National Park, Thailand.

WCS Field Veterinary Program

Avian Influenza-GAINS: Additional results from tests of samples collected from wild birds surveyed in Mongolia in 2007 were reported in February. To date, no H5 strains of avian influenza (AI) have been detected. The WCS AI project continues to work closely with partners at the Mongolian State Central Veterinary Laboratory and the Institute of Biology to coordinate AI surveillance in wild birds in Mongolia. In February, WCS staff attended a series of working group meetings focused on the development of a national strategy for bird banding/marketing in Mongolia. WCS AI project results are shared with the wider avian influenza community through the GAINS website, <http://www.gains.org>. Also, an article highlighting WCS avian influenza and wild bird migration studies in Mongolia appeared in the Science section of New York Times on January 28th.

The Training, Advocacy and Networking Project (TAN)

Mercy Corps

www.mercycorps.org.mn

"Employment Opportunity" Project Highlights

Local producers generated profits of \$6,200 from sales during the build-up to the Lunar New Year holiday in February thanks to an 'Employment Opportunity' initiative led by the local *Trade Union* civil society organization (CSO). Five women in one sewing group were overloaded with orders for traditional Mongolian clothes, earning \$2,900 from sales, while a dairy processing group earned \$2,230 over the same period and a vegetable production group earned \$1,070.

Building on similar positive experience with Arkhangai's *Youth Association* CSO, *Trade Union* CSO also entered into a contract with local government officials from the Department of Social Welfare and Labor to run employment placement activities. Under the agreement, *Trade Union* will be paid \$4.30 for each job-seeker successfully placed in a full-time position.

"Triangle Training" Project Highlights

The *Liberal Women's Brain Pool* CSO continued efforts to improve services at School No. 1 in Tsetserleg through February under the 'Triangle Training' project. The project team organized three training sessions for students and parents. One session, on "Fathers' Involvement in Children's Development", was delivered to 27 young fathers educating them on the importance of their playing a leading role in their children's education. Young mothers and fathers also attended "Our Children are Growing Up", a training event designed to help young parents enhance their parenting skills. Twenty-eight students also attended training on "Children's Rights and Responsibilities".

"Citizens' Participation and Access to Information" Project Highlights

The *Young Leaders Club* CSO implements this project, designed to improve the flow of information between citizens and local authorities to more effectively address community issues. In February, the project team organized an "Open Microphone" television broadcast event that gave citizens the opportunity to address their concerns directly to local government officials in front of a local Tsetserleg television audience. Concurrently, 30 street leaders, trained in basic concepts of civic education, gathered written concerns from locals through opinion boxes and delivered them to officials. The real test of the project's success, of course, will come in the near future as responsibility falls upon government officials to act on the concerns being voiced.

"Active Participation: Right Decision" Project Highlights

Under this project, jointly implemented by the *Women Lawyers Association* CSO and the Bulgan Government-CSO Working Committee, community concerns and opinions were gathered from opinion boxes throughout Bulgan Soum. The most commonly cited complaint was the high level of alcoholism and the extremely high rate of under-age drinking. In response to this the project team developed a television program on "Alcoholism" that was shown weekly on local television. The local branch of Alcoholics Anonymous, a Bulgan network CSO, played a leading role in crafting the program which featured information on alcohol abuse, its impact on health and treatment options. Inspired by the project, the Bulgan Police Department and Alcoholics Anonymous later held joint presentations on the dangers of alcohol abuse at four bagh meetings in February.

The project also appealed to Bulgan Soum Governor R. Tunjin to crack down on sale of alcohol to under-age drinkers and intoxicated individuals as these legal violations were frequently cited by community members as a serious impediment to tackling alcohol abuse. In a Citizen's Representative Khural meeting, the Soum Governor vowed to crack down on those violating these laws and this proclamation was featured on local television. The project team will now monitor enforcement of these laws to determine progress made following the Governor's commitment.

Capacity Indices

In February TAN administered its internal capacity indices for participating CSOs in Arkhangai, Bulgan, Khentii and Uvurkhangai. These indices are used to measure progress made developing the organizational capacity of CSOs and have been in use

since 2005. The indices are self-administered by CSOs, and contain an assortment of questions concerning organizational capacity, staffing and structure. TAN aims to bring 14 participating CSOs to a score of at least 70 (out of 100); scores from this round are still being tabulated, but nine CSOs achieved the 70 point threshold in 2007.

External capacity indices, designed to measure customer satisfaction and relations with constituents and stakeholders, are currently being completed by clients and community stakeholders. TAN aims to bring 16 participating CSOs to the 70-point mark on this index. As of 2007, four CSOs had achieved this target. Reports on the latest round of indices are due in early April.

Innovating, Measuring and Promoting Poverty Alleviation by Cooperatives in Transition Societies (IMPPACTS)

CHF International

www.chfmongolia.org

Meeting with Cooperative Law Working Group (WG) Coordinator

In a meeting with the Cooperative Law WG and its coordinator, Mr. Monkhjargal, CHF learned that the Draft Law for Credit & Savings Cooperatives was discussed in Parliament in December 2007 and January 2008. Parliament, however, returned the draft law for further clarification. It was also learned that the Financial Regulation Committee and the Standing Committee on Economy had formed a new working group also focusing on the Credit & Savings Cooperative Draft Law. Because the terms of reference for the two WGs overlap, it is unclear at this juncture how finalization of the Draft Law for Credit & Savings Cooperatives will be coordinated.

Meetings with Cooperative Law Working Group

IMPPACTS presented the following items during the Working Group meetings:

- Results of CHF sponsored Community Meetings;
- Legal expert recommendations on the current Mongolian Cooperative Law; and
- Proposed draft changes to the current law.

The Working Group also received an order from the Ministry of Food and Agriculture to prepare an updated draft of the general law on cooperatives for an upcoming presentation to the Minister. The current proposed draft law was reviewed by several of the WG members.

Meeting with Mongolia-Germany Bridge NGO

The GER Initiative and IMPPACTS staff attended a meeting with Mongolia-Germany Bridge NGO, which intends to implement a project aimed at reducing the use of plastic bags by promoting reusable cotton bags as replacements. GER and IMPPACTS offered to support this project by facilitating linkages to women's cooperatives, which can manufacture the NGO's desired cotton bags.